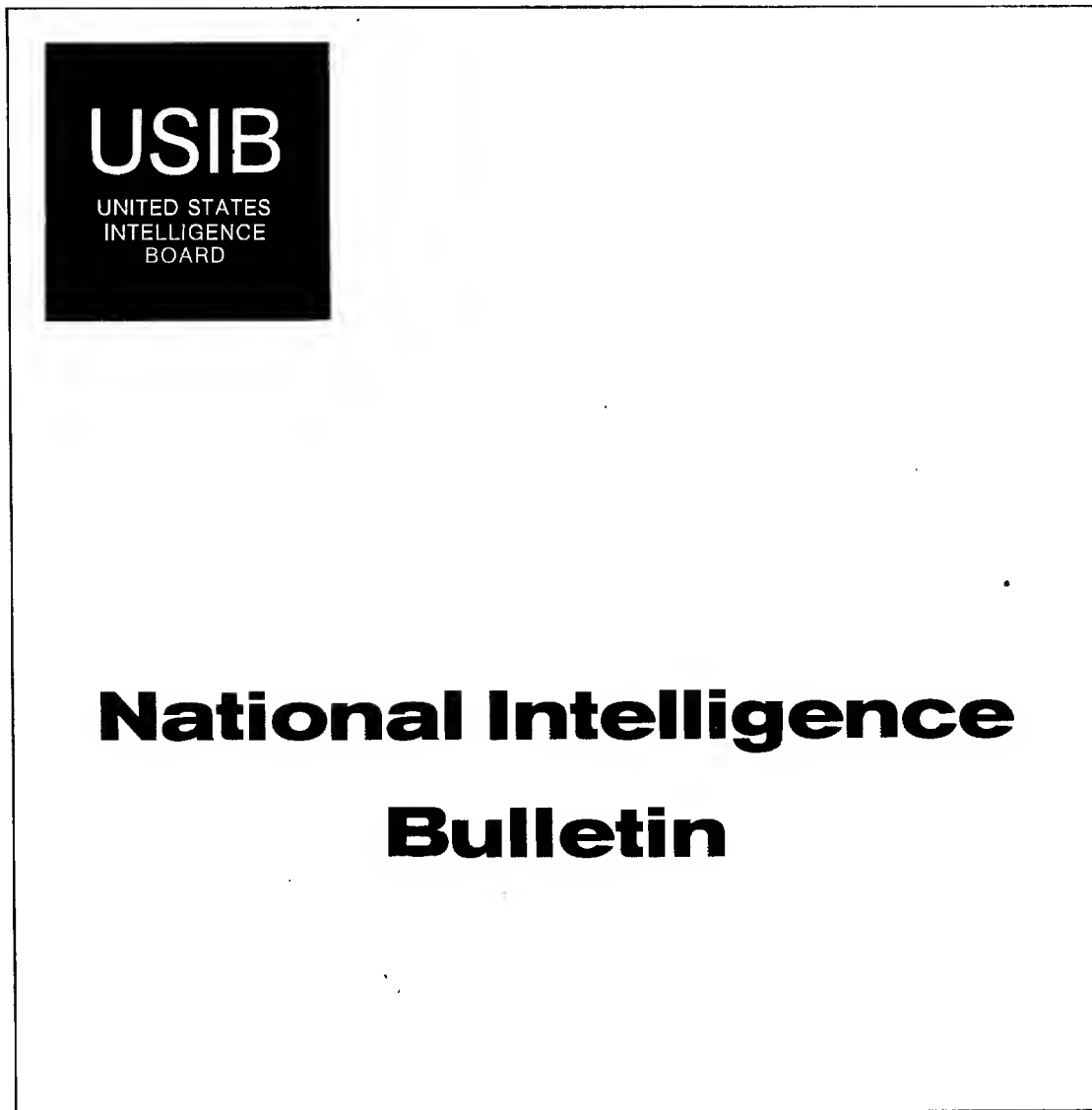


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CYPRUS

The response to Moscow's proposal for an enlarged conference on Cyprus involving all Security Council members and the interested parties to the dispute has been mixed but generally negative. Greece and the Greek Cypriots are expected to announce their formal but qualified agreement to the proposal today, but Ankara, which thus far has kept silent on the plan, is expected to reject it. The fact that the key countries are advocating two different solutions--Greece the Soviet UN proposal, and Turkey a reconvening of the Geneva talks--bodes ill for any immediate movement in the diplomatic sphere.

Britain, which had been working to win Greek agreement to reopen the Geneva negotiations, initially gave a chilly reception to the Soviet plan. London now reportedly says, however, that it will not oppose such a proposal if it is acceptable to the other interested parties. The US mission to the UN believes that the plan is not likely to win acceptance in the immediate future unless there are new Turkish provocations on Cyprus.

Archbishop Makarios, in what may be an effort to inject himself back into the picture, offered a compromise formula. Under his plan, discussions would be reconvened under UN auspices and would involve the five permanent Security Council members as well as the parties directly involved.

A number of meetings among the concerned parties have taken place in the last several days and more are scheduled. Cypriot President Clerides, meeting on Saturday with Greek Prime Minister Karamanlis, is reported by the press to have agreed to place strict controls on paramilitary forces in Cyprus, particularly the right-wing EOKA-B. The two leaders also decided that Greek regular army officers who serve in the National Guard and who were associated with the coup that deposed Makarios should be recalled to Greece very soon. Clerides stressed that there was complete agreement

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between Athens and Nicosia on future policy toward the island. The Cypriot President made clear that Turkish "concessions" were not substantial enough to warrant a reconvening of the Geneva talks.

Clerides' statement that Greek Cypriots would conduct guerrilla warfare if necessary to restore their rights and his acceptance of the Soviet proposal led Turkish Cypriot leader Rauf Denktash to cancel a scheduled meeting between the two. Denktash told the US ambassador in Nicosia, however, that he may still be willing to meet Clerides.

UN Secretary General Waldheim has also been on the move. After conferring with Prime Minister Karamanlis on Sunday, he flew to Nicosia and will later meet with Turkish officials in Ankara as well before returning to Athens. Waldheim will concentrate on the role and mandate of UN peace-keeping forces on the island and on the plight of the refugees. He is also expected to discuss the implications for convening a conference along the lines of the Soviet plan.

In Athens, the Karamanlis government has taken additional measures to consolidate its position. Former strongman Brigadier General Ioannidis, along with several other senior officers passed over for promotion, was retired on Saturday. Pensions were abolished for former ministers who held their posts without having been elected as deputies.

The statement on August 22 by newly appointed Greek army commander Ioannis Davos will also be seen as a plus for Karamanlis. Davos stressed that the army at all levels should be exclusively concerned with military problems. The US embassy in Athens interprets Davos' remarks as a strong pledge to the government that the army will "stay in the barracks" and out of national policy-making.

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Despite the general popularity of such moves as the military reshuffle that brought Davos to the fore and the Greek withdrawal from military participation in NATO, Karamanlis still has to contend with the frustrations arising from Greece's inability thus far to make any headway on the Cyprus dispute. Two senior Greek Foreign Ministry officials have expressed deep concern to the US embassy about the current deterioration in Greek-American relations as a result of the Cyprus crisis. They stressed that the US should remember that Karamanlis wants to avoid irreparable damage to Athens' relations with the US and Western Europe but that the Prime Minister has to contend with national frustrations which result in placing the blame for Greek policy failures on the country's traditional allies.

According to one of the officials, the Greek government in the coming months will be asking the US to renegotiate the modalities of many of its agreements with Athens, some of which--such as the status of forces agreement--were termed "anachronistic" by the official. Recognizing that cooperation with the US is in Greece's best interests, Karamanlis wants only to "restructure" cooperation with Washington but not "dismantle" it.

In Cyprus, too, there is continued hostility toward the US but no further major anti-American outbursts. Even the murder of Ambassador Davies has been greeted with reserve by some who feel the US "had it coming" because of its alleged pro-Turkey tilt. The demonstrations scheduled by leftist leader Vassos Lyssarides for Saturday failed to materialize, but another protest--this one about the refugees and not anti-American in tone--was expected yesterday.

In Turkey, an aide considered to be the closest policy adviser to Prime Minister Ecevit has said that Turkey will insist on a permanent zone to guarantee the security of the Turkish Cypriot community. He added that the zone must be no smaller than 28 percent. The US embassy in Nicosia, assessing Turkish intentions, says Ankara has carefully limited its operation to winning enough territory to ensure that it will be in a

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predominant position to dictate the future status of Cyprus. The embassy believes Turkey wants a two-canton confederal system and will trade territory in return for a transfer of the populations. The embassy also believes Ankara will make every effort to hold on to Famagusta port or, at a minimum, to insist on the Turkish community's right to import freely from the mainland. This could also be Ankara's position on the Nicosia airport.

Militarily, the situation on the island has been quiet and no major cease-fire violations have been reported over the weekend. Senior UN officials, however, report that Turkish troops are continuing to apply pressure, including threats of violence, to force UN peace-keeping troops out of northern Cyprus.

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PORTUGAL

President Spinola appears to have a slight edge in the continuing contest for power with the Armed Forces Movement.

The current dispute centers on Spinola's request for more authority. He feels that the final decision-making power is spread too widely within the government and wants the Armed Forces Coordinating Committee to be downgraded or eliminated entirely. Spinola's threats to resign two weeks ago stemmed from frustration over his inability to execute his policies under the present arrangement.

Military officers are being polled as to whether the committee should be disbanded and Spinola given a vote of confidence by the military. This move would allow Spinola to implement the movement's programs as he sees them by using the hierarchical structure of the armed forces and the government. In the past, he has had to contend with direct supervision of government decisions by the committee to ensure fulfillment of the movement's program.

One of the factors which may work in Spinola's favor is the rift within the Armed Forces Movement. The provisional government has announced that the committee offices are to be moved from a government building to the headquarters of armed forces Chief of Staff Costa Gomes. Major Vitor Alves, one of the three key leaders of the committee and a supporter of Spinola, explained to an embassy official that the committee's monitoring function is no longer necessary because members of the movement are now in the cabinet. He added that the move is to facilitate the incorporation of the committee into the armed forces structure.

General Otelo de Carvalho, representing the more radical elements of the movement, has thrown his weight against dissolution of

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the committee. When the Armed Forces Movement announced its support of Spínola in the press on August 20, Otelo retaliated the following day with a false statement denying that any meeting had been held to authorize such support. Spínola faces particularly strong opposition from the Portuguese navy, which reportedly feels that the Armed Forces Movement's program can be carried out without him.

The great majority of the officers in the armed forces appear to be politically neutral, but feel that they must side with Spínola in a showdown. The President will also benefit from General Costa Gomes' support against the committee, and this reportedly is the deciding factor for many officers.

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PORTUGUESE AFRICA

After several months of negotiations, Lisbon appears on the verge of major settlements with rebel organizations in Portuguese Guinea and Mozambique that will set the stage for the territories' independence.

The Algerian Foreign Ministry announced on Sunday that Portuguese officials and leaders of the "Republic of Guinea-Bissau" will sign an agreement in Algiers today on the transfer of power to the rebel government. The two sides have held several secret negotiating sessions in Algiers since late June. The Portuguese news agency speculated on Saturday that the two sides would announce the territory's independence on September 12.

In Mozambique, the acting governor-general yesterday officially announced that an interim government, composed presumably of Portuguese officials and leaders of the rebel Front for the Liberation of Mozambique, would be established "within the next few days."

The Portuguese ambassador to the UN told US embassy officials in Lisbon on Friday that President Spínola has accepted a plan for a transitional government for Mozambique that was recently worked out between Foreign Minister Soares and rebel leaders in Dar es Salaam, Tanzania. Another round of talks to work out final details is scheduled to take place in early September, probably in Lusaka, Zambia.

According to the ambassador, the agreement calls for a provisional government that will include a Portuguese high commissioner and a Front prime minister. The Front will be given a two-thirds majority in the provisional cabinet. The territory will be granted full independence in June 1975.

After some initial hesitation, Lisbon has been forced to accept the fact that the Front is the only organization of any consequence in Mozambique and that

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the idea of a popular referendum for the territory, as earlier suggested by President Spínola, is unrealistic. Although some anti-Front political organizations are beginning to emerge, they are not strong enough, singly or collectively, to challenge the Front's dominant position. Their presence, however, can be expected to add to the general political confusion that is certain to attend an extended period of transition.

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ETHIOPIA

Ethiopia's dominant Armed Forces Coordinating Committee yesterday compelled Prime Minister Mikael to make a number of cabinet changes and has arrested several additional high-ranking officials, including one ousted cabinet minister. The committee also appointed a governor-general for Eritrea sympathetic to its recently announced conciliatory policy toward that province and took a symbolic step to reduce further the Emperor's authority by nationalizing his palaces.

Last month the able but stiff-necked civilian Prime Minister angered the military committee by including in his cabinet four ministers who were objectionable to the committee. Mikael now has dropped three of the four from the cabinet and has given the fourth a lesser ministry. The changes had been anticipated for some weeks. The military committee earlier was reported to have demanded the arrest of all four ministers for corruption, but only one has been arrested.

The new governor-general of Eritrea is a civilian. He replaces a military officer who was considered by the committee a major obstacle to new policy initiatives aimed at ending the decade-long revolt. Last week the Ethiopian government announced that Minister of Defense Aman would soon visit Eritrea to recommend far-reaching new programs.

Nationalizing the Emperor's palaces appears to be only symbolic, inasmuch as the committee has already stripped the 82-year-old leader of his crown council secretariat and intelligence organization and has arrested many of his aristocratic coterie. [REDACTED]

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ARGENTINA

Increasing conflict between conservative and left-ist factions within the Peronist movement has caused many observers to predict that Argentina's largest political organization will break up in the near future. A leader of the Montoneros, the most militant Peronist youth organization, recently indicated, however, that the Montoneros have no intention of defecting, even though he foresees that the group will be outlawed as the government continues to move to the right.

If the military chiefs and Lopez Rega,

declare the group illegal, Montonero leaders apparently do not intend to break formally with the Peronist movement or to go underground "officially." One spokesman for the Montoneros has expressed opposition to the confrontation tactics used by the outlawed People's Revolutionary Army, saying that they precipitate indiscriminate reprisals by security forces against all leftist organizations. He indicated that although the Montoneros may be forced to join with other groups in a "war of liberation," the organization has sufficient funds and arms to retain its institutional integrity. He said that while the Montoneros admire the Cuban revolution, Cuba has not provided them with material assistance.

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Before Peron's return to power, the Montoneros were the principal Peronist terrorist group operating in Argentina. Although they have become increasingly opposed to the orientation of the government, there may be differences of opinion over strategy within the leadership. Nevertheless, Montonero leaders have maintained their pragmatic socialist orientation, in contrast to the dogmatic Marxist approach of other guerrilla organizations. Because the Montoneros--who claim to have 15,000 members, of whom 2,500 can be considered potential combatants--have wide support among slum dwellers, rank-and-file workers, and students, it is to their advantage to maintain their position as the revolutionary vanguard of Peronism even if they are forced underground.

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FOR THE RECORD

Malaysia: Prime Minister Tun Razak's National Front coalition was returned to office with an overwhelming majority in the country's first general election in five years. With election results still coming in, the coalition has already won about a four-fifths majority in the parliament. Voting was peaceful, in contrast to the 1969 elections which set off communal rioting.

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